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C O N F I D E N T I A L SECTION 01 OF 02 QUITO 003146

SIPDIS

E.O. 12958: DECL: 12/02/2014

TAGS: [PGOV](#) [PREL](#) [EC](#)

SUBJECT: CONGRESS GOES ON HOLIDAY, BUT REST UNLIKELY

REF: QUITO 3108

Classified By: Ambassador Kristie A. Kenney, for reason 1.4 (b&d).

11. (C) Summary: Congress ended its stormy fall calendar on December 2, releasing its combative politicians until January 14. Political leaders are likely to stay busy during holiday season, as all parties regroup for the battle over Congressional leadership and control of the Supreme Court set to recommence next month. Having survived an impeachment attempt, President Gutierrez and his new allies have seized the political offensive from pro-impeachment forces, capitalizing on resentment of the PSC to purge its influence in the Supreme Electoral Tribunal and Constitutional Court using dubious legislative tactics (RefTel). In a meeting with the Ambassador on December 2, Gutierrez defended his tactics as intended to strengthen Ecuador's democratic institutions. With the balance in Congress still very fluid, political maneuvering (and the potential for disturbances) will intensify as January approaches, with both sides seeking to attract Congressional swing votes. End Summary.

President Sees Things Differently  
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12. (C) At a breakfast with President Gutierrez on December 2, the Ambassador and DCM expressed concern about the current combative political situation and questionable moves by the government's new "progressive alliance," emphasizing the need for respect for constitutional due process and democratic institutions, including Congress and the judiciary. The Ambassador urged the president to increase transparency by explaining to the public the content of proposed political reforms and the government's respect for constitutional guarantees and due process. She also suggested that Gutierrez maintain political dialogue with the opposition.

13. (C) Gutierrez appeared confident and assured. He said this was not a personal vendetta against PSC leader Leon Febres-Cordero, as some have portrayed it. While slyly acknowledging his own "political interests," Gutierrez went on to claim that constitutionality was his foremost concern in drafting still-unrevealed political reforms to shrink the size of Congress, reduced the mandatory retirement of Supreme Court justices, and purge the courts of interference by political parties. Nor is the government targeting Febres-Cordero's family for economic retribution, he claimed. Rather, the government is seeking to recoup debts owed by more than 200 individuals, not just members of Febres-Cordero's family.

14. (C) Political reforms soon to be proposed by the government, Gutierrez said, will be submitted to Congress as draft legislation, not as a popular referendum. The government is reaching out to all parties to support the reforms; he recognized that there are reasonable members of the ID and PSC, apart from the top leadership. While joining in praise for former Government Minister Raul Baca, Gutierrez justified Baca's replacement with Jaime Damerval, which had succeeded in diverting political heat away from the person of the President.

Will the "Progressive Alliance" Endure?  
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15. (C) The so-called progressive alliance of PSP-PRE-PRIAN-MPD-Socialists-Independents united to purge the electoral tribunal and Constitutional Court of PSC control on November 25. Since doing so, however, leftist small party members (MPD and Socialists) have publicly declared that their participation in the alliance is over. Our PRIAN contacts dispute that claim, saying the alliance will last at least through the selection of new Congressional leadership on January 5 (giving the PRE the presidency), and possibly through reform of the Supreme Court in early 2005. Negotiations continue within the alliance over how to go about the court reform (the PRIAN opposes the PRE's wish to do so by simple resolution, which would violate constitutional principles), and who gets what positions in Congress (in addition to the Presidency and two vice presidencies, the presidencies of all 15 Congressional Committees are up for grabs).

Opposition Rising?  
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16. (C) PSC insiders have told us that Febres-Cordero is still in shock over the November 9 impeachment defeat in Congress. Febres-Cordero is on his heels, they said, and had not expected Gutierrez to turn things around so quickly and take the offensive. PSC leaders are firmly convinced that the progressive alliance's actions against the electoral tribunal and constitutional court were unconstitutional; destitution required a 2/3 vote, not the simple majority used. The Administration is reaching out to the PSC through intermediaries, offering to back off its anti-PSC campaign if the PSC ousted corrupt Febres-Cordero nephew Miguel Orellana and confidant Xavier Neira. The PSC wants nothing to do with the Congressional presidency, leaving it to the ID and PRE to fight it out.

17. (C) Other opposition leaders, meanwhile, discount the prospects of the alliance enduring through January 5, and are courting the alliance's leftist "swing vote." Democratic Left (ID) legislative leaders warn that a PRE presidency of Congress would be disastrous for democratic institutions, as that party seeks to dismantle charges against its exiled leader, permitting his return. The PRE would ultimately turn on the government and compete directly for votes in the 2006 presidential election with PRIAN presidential hopeful Alvaro Noboa.

18. (C) Meanwhile, indigenous leaders are fighting among themselves. Indigenous umbrella organization CONAIE will choose its leadership later this month. Pachakutik recently expelled four of its eleven Congressional deputies. Pachakutik leader Jorge Guaman told us on December 2 that the President had called seeking his support for political reform. Pachakutik will not agree absent concrete support for indigenous priorities. He warned that the alliance's tactic of expelling sitting justices with a simple majority was a distortion of the legislative process and a precedent which could be used against Gutierrez in the future. Indigenous demonstrations are unlikely in December, he said, but might occur in January, depending on the situation.

Comment  
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19. (C) President Gutierrez has again demonstrated canny survival instincts but we need to continue to fortify GoE respect for democratic institutions and constitutional procedure. With the reversal of fortunes on Thanksgiving Day, the Gutierrez Administration backed off earlier threats by some members of the GoE--although not Gutierrez personally--to dissolve Congress. Since then, there have been few signs of a PSC counter-offensive or an indigenous mobilization in the works; both are more likely to take place in January than in December. Regardless, we are redoubling our outreach with political party leaders of all parties, counseling respect for constitutional processes and seeking to anticipate possible future instability. All actors agree that the holidays will be busy for political leaders of all stripes, and that results will be publicly revealed on January 5 when the Congress decides on its leadership.  
KENNEY